

STRATEGIC PETROLEUM RESERVE UPDATE

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Strategic Petroleum Reserve Update

President Bush has decided to make crude oil available from the Strategic Petroleum Reserve (SPR) in order to address the aftermath of Hurricane Katrina. Tapping the Reserve will prevent gas prices from rising even further.

Strategic Petroleum Reserve Background

- The U.S. Strategic Petroleum Reserve is the largest stockpile of government-owned emergency crude oil in the world.
- Established in the aftermath of the 1973-74 oil embargo, the SPR provides the President with a powerful response option should a disruption in commercial oil supplies threaten the U.S. economy. It also allows the United States to meet part of its International Energy Agency obligation to maintain emergency oil stocks, and it provides a national defense fuel reserve.
- Decisions to withdraw crude oil from the SPR are made by the President under the authorities of the Energy Policy and Conservation Act. In the event of an energy emergency, SPR oil would be distributed by competitive sale. Although the SPR has been used for emergency purposes only once (during Operation Desert Storm in 1991), its formidable size (more than 600 million barrels) makes it a significant deterrent to oil import cutoffs and a key tool of foreign policy.
- Today, the SPR has the capacity to hold 727 million barrels.

Expanding the Strategic Petroleum Reserve

- The Energy Policy Act of 2005 plan authorized expansion of the Strategic Petroleum Reserve's capacity to 1 billion barrels.

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